

INSTRUCTIONS FOR FINAL RETURN FORM

Every City of McKeesport resident who had taxable income or net profits during any part of the year must file a final earned income tax return form. **THIS RETURN MUST BE FILED EVEN IF TAX WAS FULLY WITHHELD BY YOUR EMPLOYER OR IF NO ADDITIONAL TAX IS DUE.**

All returns must be postmarked or delivered on or before April 15 of the following tax year to avoid penalty, interest and late charges.

LINE 1A - TAXABLE EARNED INCOME AND COMPENSATION

Includes wages; salaries; commissions; bonuses; tips; fees; vacation pay; honoraria; severance pay; incentive payments; profit distributions; sick pay (other than third party sick pay); parsonage/housing allowance payments; allowance payments; taxes assumed by the employer for the employee; exercised stock options from employers; employer-reimbursed moving expenses; deferred income for pensions and annuities; and other forms of compensation as provided by the employer whether reported on W2 statements or 1099 forms.

LINE 1B - DEDUCTIONS FOR UNREIMBURSED BUSINESS EXPENSES ARE PERMITTED AS FOLLOWS

Business related auto expenses; union dues; professional license fees; professional dues; small tools required for employment; and uniforms or work clothing not suitable for everyday use. Business expenses will not be processed as a deduction without documentation. Attach PA Schedule UE Form. Federal forms, schedules and worksheets are to be attached when required by the PA Schedule UE Form. Contributions to deferred income plans such as IRA's; 401K's; and Keoghs cannot be deducted from taxable income. **PERSONAL EXPENSES ARE NOT DEDUCTIBLE.**

LINE 2, 3, 4 - TAXABLE NET INCOME

Includes net profits from a business, profession or farm; rental income; royalties; patents and fees; and partnership or joint venture income. In addition, taxable gains from the sale of business property shall be reported for earned income tax purposes in the year of sale to the extent that they were created by depreciation deductions (tax benefit) previously deducted to determine net profits. Supporting documents shall include but not be limited to Federal Form 4797, Schedule C, D, E, F, K-1, and related schedules. Sub-Chapter S income will be taxed to the extent that it represents income for services rendered to a corporation by a party to the extent that a reasonable salary is not taken that is otherwise subject to the earned income tax.

OFFSETS AGAINST EARNED INCOME

A business loss cannot offset against earned income/compensation and/or against the profit earned in another business. A business profit cannot be offset by a business loss. Losses from Sub-Chapter S income cannot be offset against earned income. Do not include corporate income or loss.

LINE 10 - OVERPAYMENT

Your REFUND amount, if any, appears on line 10 of the tax return. OVERPAYMENTS will be credited to other tax liabilities, or refunded. No refunds under \$1.00 will be issued.

LINE 11 - TAX PAYMENT

Your remaining tax liability appears on Line 13 of the tax return. No payments under \$1.00 are required. NOTE: There will be a \$29.00 charge for checks returned from the bank for any reason. For a receipt, enclose a self addressed, stamped envelope.

LINE 12 - PENALTY AND INTEREST CHARGES

All returns filed after April 15 will be assessed penalty and interest charges at the rate of 1% per month. Additional late fees, penalty and interest charges will be assessed for residents who have failed to file or make proper interim tax payments. At least 90% of the

earned income tax liability must have been met through quarterly payments in order to avoid penalty and interest on unpaid taxes. Absent the submission of required quarterly payments, minimum penalty and interest is 6% per annum on all past due amounts..

NON-TAXABLE INCOME (DO NOT INCLUDE THESE ITEMS)

Personal interest and dividend income; social security benefits; pensions; disability benefits; active military pay; third party sick pay; lottery winnings; death benefit payments; gifts or bequests; unemployment compensation; supplemental unemployment benefits (SUB); public assistance and income from stocks or trusts.

DOCUMENTATION

Documentation of earnings (W2 statements and forms 4797 and/or 1099), net profits (Schedule C, E, F or K-1), and/or business expense (Pennsylvania Department of Revenue Schedule UE, Federal Form 2106, and other federal and state forms as applicable) must accompany tax returns. **TAX RETURNS WITHOUT PROPER DOCUMENTATION WILL BE CONSIDERED INCOMPLETE AND WILL NOT BE PROCESSED. REFUNDS OR CREDITS WILL NOT BE ISSUED WITHOUT PROPER DOCUMENTATION.** Indicate the name of the taxing district receiving any money withheld on withholding statement, or on an attached sheet of paper. Taxpayers must supply the original document or a copy of the document - the Tax Office will not make copies or return documents.

CREDIT FOR TAXES TO OTHER JURISDICTIONS

Payments by residents of a tax on income to any state other than Pennsylvania or any political subdivision located outside Pennsylvania may credit the payment made to the out-of-state taxing district against his/her liability for the McKeesport tax. The credit can not exceed local tax rate and no refunds will be allowed on excess. A copy of the Pennsylvania state return and other state returns must be submitted.

Married taxpayers must file individual return; their income and expenses cannot be combined.

Part-year residents are required to enclose a copy of their local income tax form from previous municipality.

CHECK NAME, ADDRESS, RESIDENT MUNICIPALITY, AND SOCIAL SECURITY NUMBER

Your social security number is important for the prompt and accurate processing of this return. Make any corrections to the name, address, resident municipality, and social security number information on this return.

SIGNATURE REQUIRED

All returns must be signed and dated by the taxpayer only. Power of Attorney is required for second party signing. Improperly executed returns will be considered not filed and delinquent.

FAILURE TO FILE

DO NOT RECEIVE A TAX RETURN DOES NOT RELIEVE THE TAXPAYER OF THE RESPONSIBILITY OF FILING A TAX RETURN AND OF PAYING THE TAX. Failure to file, upon conviction, may result in a fine up to \$500.00 per year, plus penalty, interest, and cost of collection. (Local Tax Enabling Act, P.L.1257).

Mail tax forms and/or payments to:

McKeesport City Treasurer
500 Fifth Avenue
McKeesport, PA 15132

Phone: 412-675-5020

Monday thru Friday 9:00 a.m. - 4:00 p.m.